

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 DEAE-00 CIAE-00 INR-07

JUSE-00 NSAE-00 SNM-02 TRSE-00 USIA-06 NSC-05 OES-06

OMB-01 AID-05 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01

SP-02 SS-15 COME-00 /095 W

----- 099419

R 120959Z MAY 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 6442

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMEMBASSY RANGOON

AMCONSUL HONG KONG

USMISSION GENEVA

CINCPAC

C O N F I D E N T I A L VIENTIANE 1145

E.O. 11652: GDUS

TAGS: SNAR LA

SUBJECT: NARCOTICS IN LAOS

CINCPAC FOR POLAD

REFS A STATE 113569 (090408Z MAY 76) NOTAL, B VIENTIANE
1043 (300955Z APR 76)

SUMMARY: FOLLOW-UP CONVERSATION WITH UNFDAC REF TO LAOS
PRODUCED CONFIRMATION OF HIS ESTIMATE OF 500 TONS BUT ALSO
THE REFINEMENT THAT THIS IS A (VERY SOFT) MAXIMUM FIGURE FOR
CURRENT ANNUAL PRODUCTION OF THE ENTIRE COUNTRY RATHER
THAN AN ACCUMULATION FROM FORMER "LIVERATED ZONE". IN FACT,
LAO COMMUNISTS TELL UNFDAC THEY HAVE ENGAGED IN PRE-EMPTIVE
BUYING FOR SOME YEARS AND HAVE SOLD THEIR PRODUCTION TO DRV,
USSR AND PRC. UNFDAC'S INFORMATION IS, HOWEVER, SCANT
AND VAGUE AS TO QUANTITIES AND TIME-FRAMES AND MUST, WE
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BELIEVE, BE TREATED WITH RESERVE. (END SUMMARY)

1. IN RESPONSE TO INSTRUCTION CONTAINED IN REF A, EMBOFF CALLED ON UNFDAC REPRESENTATIVE TO LAOS ALEXANDRE ARNAUD ON MAY 11 TO GAIN MORE INFORMATION ON THE ESTIMATED 500 TONS OF OPIUM ARNAUD HAD MENTIONED IN PREVIOUS CONVERSATION APRIL 30 (REF B).

2. ARNAUD SAID THAT HE HAD ARRIVED AT 500 TONS AS HIS ESTIMATE OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC'S CURRENT ANNUAL OPIUM PRODUCTION BY QUESTIONING VARIOUS LAO COMMUNIST OFFICIALS ABOUT THE PRODUCTION OF THE "OLD LIBERATED ZONE". HE WAS GIVEN FIGURES RANGING FROM 200 TO 300 TONS BY DIFFERENT LAO AS THEIR ESTIMATES OF THE ZONE'S PRODUCTION. WITHIN THIS FIGURE PHONG SALY PROVINCE'S ANNUAL PRODUCTION WAS ESTIMATED BY ONE SOURCE AT 100 TONS. ARNAUD THEN ESTIMATED THE PRODUCTION OF THE FORMER "VIENTIANE SIDE ZONE" AS APPROXIMATELY 200 TONS AND, ADDING THE FIGURES FOR THE TWO ZONES, ARRIVED AT A RANGE OF 400 TO 500 TONS PER YEAR FOR ALL OF LAOS. (COMMENT: WE BELIEVE THESE FIGURES SHOULD BE REGARDED ONLY AS ARNAUD'S BEST EFFORT TO QUANTIFY A PROBLEM. NUMBERS AND PRECISION ARE NOT A LAO STRONG POINT, AND ARNAUD HAS LIMITED AND OFTEN VAGUE INFORMATION ON WHICH TO BASE HIS ESTIMATE.)

3. ARNAUD IN MAY 11 CONVERSATION MADE IMPORTANT CLARIFICATION THAT HE WAS NOT REPEAT NOT TALKING ABOUT AN ACCUMULATION BY LAO COMMUNISTS OF SEVERAL YEARS' PRODUCTION. HE SAID THE LAO COMMUNISTS HAVE TOLD HIM THAT THE EARLIER PRODUCTION FROM THEIR ZONE WAS SOLD TO VIET-NAM, THE SOVIET UNION AND THE PEOPLE'S REPUBLIC OF CHINA. THE LAO COMMUNISTS SAY THAT THEY ACCUMULATED THE OPIUM THUS SOLD BY PREEMPTIVE BUYING OVER THE YEARS AND THAT THIS PRACTICE CONTINUES. (ARNAUD COULD NOT EXPLAIN, NOR CAN WE, WHETHER POSSIBILITIES OF SALES TO OTHER COMMUNIST COUNTRIES HAVE NOW ENDED, OR IF SO, WHY THIS SHOULD BE THE CASE. IT IS POSSIBLE TO SPECULATE, HOWEVER, THAT LPDR WISHES TO SHIFT THIS ALLEGED SALES PATTERN IN ORDER TO EARN CONVERTIBLE FOREIGN EXCHANGE FROM POTENTIAL WESTERN BUYERS.) ARNAUD UNDERSTANDS THAT, THOUGH TRANSCONFIDENTIAL

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PORTATION BETWEEN LOCALITIES WAS PROSCRIBED (REF A), BUYING AND SELLING OF OPIUM BETWEEN INDIVIDUALS WAS NOT FORBIDDEN IN FORMER "LIBERATED ZONE" (AND PRESUMABLY IS NOT NOW FORBIDDEN ANYWHERE IN LAOS). SOME OPIUM PRESUMABLY IS TRADED IN THIS WAY FOR LOCAL USE, BUT THE STATE NOW OFFERS SUCH AN ATTRACTIVE PRICE (ARNAUD HAD HEARD 50,000 COMMUNIST KIP PER KILO, WHICH SEEMS VERY HIGH TO US) THAT IT OBTAINS ALMOST ALL THE HARVEST BY

MEANS OF PREEMPTIVE BUYING. SO FAR AS WE AND ARNAUD CAN DETERMINE, SEIZURES OR CONFISCATIONS HAVE BEEN NEGLIGIBLE. INDEED, AS PREVIOUSLY REPORTED, THE LAO COMMUNIST POLICY-- ALTHOUGH ONLY FOR THE SHORT TERM--IS TO TOLERATE CONTINUED PRODUCTION BY MOUNTAIN TRIBES.

4. ARNAUD REITERATED HIS BELIEF, ON THE BASIS OF "MANY CONVERSATIONS WITH HIGH LPDR OFFICIALS", THAT LAOS HAS NO DESIRE TO BE A LONG-TERM OPIUM PRODUCER. HE SAID THE LAO HAVE SHOWN GREAT INTEREST IN THE EFFICACY OF SUBSTITUTE CROPS. HOWEVER, ARNAUD WAS CONCERNED OVER THE LACK OF FUNDS WITHIN UNFDAC ITSELF FOR A PROGRAM IN LAOS. HE CLAIMED THAT ONLY HIS INTERVENTION DURING A RECENT TRIP TO GENEVA HAD AVERTED A SHUT-DOWN OF THE UNFDAC OFFICE IN LAOS. HE ALSO CLAIMED HE NOW HAS A BUDGET ONLY JUST LARGE ENOUGH TO SUSTAIN HIS OFFICE BUT NO FUNDS FOR ANY DEMONSTRATIONS OR PROJECT. EMBOFF REVIEWED CONGRESSIONAL RESTRICTIONS ON USG AID TO INDOCHINA AS HE HAD DONE IN APRIL 30 CONVERSATION (PARA 5, REF B). ARNAUD THEN ASKED IF WE COULD NOT SUGGEST TO UNFDAC GENEVA THAT IT INCREASE ITS BUDGET FOR LAOS. EMBOFF REPLIED THAT HE WOULD CONVEY THIS REQUEST TO THE DEPARTMENT.

5. ARNAUD SAID THAT JOSEPH DITTERT, SECRETARY TO THE INTERNATIONAL NARCOTICS CONTROL BOARD, WOULD ARRIVE IN VIENTIANE ON JUNE 13 FOR A WEEK'S STAY.

6. COMMENT: WE, OF COURSE, HAVE NO WAY OF ASSESSING UNFDAC'S BUDGET PROBLEMS. IF, HOWEVER, IT CAN BE DONE WITHIN THE RESTRICTIONS OF THE LAW, IT SEEMS TO US THAT IT WOULD BE EXPEDIENT IF WE ASKED UNFDAC GENEVA TO PUT ASIDE A FEW THOUSAND DOLLARS FOR LAOS IN THE EVENT THAT THE LPDR INDICATES THAT IT WISHES TO GO AHEAD ON CONFIDENTIAL

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A PILOT PROJECT OF CROP SUBSTITUTION.

7. WE WISH TO STRESS AGAIN THAT ARNAUD'S INFORMATION, AS HE HIMSELF CONCEDES, IS BOTH LIMITED AND VAGUE AS TO QUANTITIES, TIME-FRAMES, AND CURRENT LPDR PRACTICES OUTSIDE OF VIENTIANE. IT IS POSSIBLE THAT THE DITTERT VISIT WILL RESULT IN SOME MORE CONCRETE INDICATION OF LPDR WISHES AND OF QUANTITIES THAT MAY BE INVOLVED. UNTIL THAT TIME WE BELIEVE ALL INFORMATION FURNISHED BY ARNAUD ON THE QUANTITY OF THE LPDR'S OPIUM PRODUCTION IN REF B AND IN THIS TELEGRAM SHOULD BE TREATED WITH CONSIDERABLE SKEPTICISM AND CAUTION. CORCORAN

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